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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/775,751	02/09/2004	Owen H. Brown	BRWN 20.199A(021180-00055	8687
26304 7590 09/01/2009 KATTEN MUCHIN ROSENMAN LLP 575 MADISON AVENUE NEW YORK, NY 10022-2585			EXAMINER EBERSMAN, BRUCE I	
			ART UNIT 3691	PAPER NUMBER
			MAIL DATE 09/01/2009	DELIVERY MODE PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/775,751	<b>Applicant(s)</b> BROWN ET AL.	
	<b>Examiner</b> BRUCE I. EBERSMAN	<b>Art Unit</b> 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 03 June 2009.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-8, 13, 15 and 16 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-8, 13, 15-16 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                                | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                       | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

**Need to finish claims 5, 16 similar to 1, 15**

**DETAILED ACTION**

***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 6/3/09 has been entered.

Applicant filed an amendment on 6/3/09 amending independent claims 1,4,5,8,13,15,16 and canceling claims 10-12,14. As such claims 1-8,13,15-16 pending. After careful consideration of the applicant's amendments and arguments, the Examiner finds them to be moot in view of new grounds of rejection.

***Claim Objections***

2. Claims 1, 5,15,16 objected to because of the following informalities: Applicant utilizes the term credit/debit card transactions. "/" could be an and or an or, or and/or Preferably using the words credit or debit would prevent confusion. Appropriate correction is required.

***Claim Rejections - 35 USC § 112***

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-8,13,15-16 rejected under 35 USC 112 2<sup>nd</sup>.

Applicant's amendment to claims 1, 5, 15, 16, creates two concerns;

1. Though it is likely that the claimed system collects sufficient debit/credit transactions to generate a pool which can be escrowed and sent to the government, it is not clear that this is the only outcome. If the business is all or mostly cash, a shortfall may result and in this case, the process would breakdown. Does the amount get forgiven? Does the merchant send a bank check or draft? Is the amount made up the next month. For the purposes of examination, the examiner will presume that there is sufficient withholdings from credit /debit to pay all taxes.
2. (claims 5, 15, 16 may differ but point would be the same) There are presumably two paths, the standard route, second set of numbers (could number them A(1,2) and B(1,2). As such B(1,2) includes the phrase "and wherein said predetermined percentage comprising one of (no punctuation)" This would implicate a choice of percentages which are (1) merchant rate and (2) an estimate for generating escrow funds sufficient to pay a predetermined sum over one or more of the first and second amounts, over a pre-determined number of sales periods...

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Since, item (1) appears to be the standard tax process whereas (2) appears to be some form of shortage or debt being paid off, as alluded to in the spec. , it appears as if the claim should be *both B(1) merchant tax rate plus B(2), the extra or owed or makeup amount*. Assuming this is the applicant's intent and assuming B(2) can be zero if no extra amount is owed.

In summary, "punctuation would be desirable after "wherein said predetermined percentage comprising", Further, the flow should probably include an option to pay the arrears, debt etc, possibly with some clarity as to how this is determined.

For the sake of examination, the examiner will presume that the withholding is B(1) and B(2), ie an option to pay extra, if non-zero, and further that there will always be enough credit receipts to debit and pay the amounts due in B(1) and B(2)

Dependent claims 2-4,6-8,13 are rejected because they fail to correct the shortcomings of the independent claims 1,5,15,16.

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***Claim Rejections - 35 USC § 103***

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-8, 13, 15-16 rejected under 35 U.S.C. 103(a) as being obvious over US Patent 5644724 to Cretzler in view of US Patent 6993502 to Gryglewicz and US Patent 6889200 to Agee further in view of US Patent 6898573 to Piehl

As per claims 1, 15 Cretzler discloses;

A) determining a first sales amount in the computer system associated with one or more non-credit/debit card ( claim 15 – cash ) transactions of the merchant during the closeout period; (Col. 4, lines 25-40, collecting data on all transactions)

B) determining a second sales amount in the computer system associated with one or more credit/debit card transactions of the merchant during the closeout period; (col. 4, lines 40-45)

C) determining a first escrow amount in the computer system based on the first sales amount, wherein the first escrow amount is determined as one of:

1) a predetermined percentage of one or more of the first and second sales amounts, and (ie escrow sales taxes for transactions, Cretzler, col. 5, 45-68, withholds taxes on sales)

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2) a sum of a predetermined percentage of at least one of the first and second sales amounts; (Cretzler, col. 5, lines 45-68 discloses collecting taxes on transactions, both debit or cash or credit)

and wherein said predetermined percentage comprising one of

(1) a merchant tax rate. (Cretzler, col. 5, lines 40-68, sales tax, col. A variety of situations are disclosed including restaurants and grocery stores where varieties of partial or full withholding occur depending on the tax-ability of items/services etc)

Cretzler does not explicitly disclose;

determining a first escrow amount based on the first sales amount;

crediting an escrow account with the first escrow amount, and

crediting a second escrow account with the first escrow amount when the second sales amount exceeds the first escrow amount, and

an estimate for generating escrow funds sufficient to pay a predetermined

sum from the one or more of the first and second sales amounts over

pre determined number of sales periods; "

an estimate for generating escrow funds sufficient to pay a predetermined

sum from the one or more of the first and second sales amounts over

pre determined number of sales periods; "

C) Gryglewicz teaches the use of escrow accounts to withhold tax amounts;

determining a first escrow amount based on the first sales amount; (Col. 8, lines 45-

55) crediting an escrow account with the first escrow amount, and (col. 8, lines 45-55)

It would therefore have been obvious to one of ordinary skill in the art at the time of the

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invention to combine the tax payment system of Cretzler with the escrow teachings of Gryglewicz for the motivation of facilitating the automated payment of taxes to a variety of taxing authorities. (col. 1, lines 55-65)

Cretzler and Gryglewicz do not explicitly disclose;

crediting a second escrow account with the first escrow amount when the second sales amount exceeds the first escrow amount, and

D) crediting a merchant account with an amount equal to the difference between the second

sales amount and the first escrow amount.

Agee teaches;

crediting a second escrow account with the first escrow amount when the second sales amount exceeds the first escrow amount, and (Col. 8, central finance facility funded via credit card receipts and forwards taxes collected through credit/and or all transactions to taxing authorities..

D) crediting a merchant account with an amount equal to the difference between the second

sales amount and the first escrow amount. (col. 8, 55-65, unless the amount collected is too small, which is not being explicitly claimed, though it could come from merchant accounts)

Therefore it would have been obvious to one of ordinary skill at the time of the invention to combine the credit and cash tax payment disclosure of Cretzler with the escrow and escrow teachings with the teachings of Agee whereby credit receipts are used to pay



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taxes due for both credit and non-credit transactions for the motivation of tax collection from merchants using automated systems (col. 2, lines 45-50)

Cretzler, Gryglewicz and Agee do not explicitly disclose an extra amount;

an estimate for generating escrow funds sufficient to pay a predetermined

sum from the one or more of the first and second sales amounts over

pre determined number of sales periods; "

((Agee disclose distribution rules, which can be implemented on a merchant computer to collect back taxes owed by the merchant to one or more entities over a period of time. (col. 5, 55-65) )

However, Agee does not explicitly teach the calculation of an estimate

an estimate for generating escrow funds sufficient to pay a predetermined

sum from the one or more of the first and second sales amounts over

pre determined number of sales periods; "

Piehl teaches a system wherein (2)

an estimate for generating escrow funds sufficient to pay a predetermined

sum from the one or more of the first and second sales amounts over

pre determined number of sales periods; " (col. 3, lines 4-65, 4, 5-30, a subcontractor's

tax liability is calculated by a 3<sup>rd</sup> party accounting type firm and moneys withheld from

the subcontractor's accounts paid directly by the contractor to prevent the subcontractor

from not paying or setting aside pre-determined tax amounts, the system is set up to

work over the number of sales or revenue periods which are planned based on the

contractor relationship)

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It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the payment withholding teachings of Cretzler with the contractor revenue withholding of predetermined amounts of Piehl for the motivation of preventing small business entities from not paying taxes in a timely fashion and thereby creating liabilities for the honest payer who thought they were withholding honestly. (col. lines 15-40)

As per claim 2, Cretzler discloses cash transactions.

wherein the one or more non-credit/debit card transactions are cash transactions. (col. 4, lines 15-25)

As per claim 3, Cretzler discloses credit transactions and checks . (col. 4, line 15-25)

As per claim 4, Cretzler does not explicitly disclose determining a payable an amount to be paid from the first escrow account; and debiting the payable amount from the escrow account.

Gryglewicz teaches;

determining a payable an amount to be paid from the first escrow account; and debiting the payable amount from the escrow account. (col. 8, lines 40—60)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the payment system disclosure of Cretzler with the Escrow

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teachings of Gryglewicz for the motivation of facilitating automated tax collection to a variety of tax authorities. (col. 1, lines 55-65)

As per claims 5, 16,

Cretzler discloses;

(A) determining a first sales amount in the computer system associated with one or more

taxable non-credit/debit card transactions of the merchant during the closeout period;

(col. 4, lines 25-40, claim 15, cash)

(B) determining a second sales amount in the computer system associated with one or more

taxable credit/debit card transactions of the merchant during the closeout period; (col. 4, lines 40-45,

(C ) determining a first escrow amount in the computer system based

on the sum of the first and second sales amounts,

wherein the first escrow amount is determined as one of:

(1)a predetermined percentage of one or more of the first and second sales amounts, and (cretzler col. 5, lines 45-68, withholds taxes on sales )

(2) a sum of a predetermined percentage of at least one of the :first and second

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sales amounts, (Cretzler col. 5, lines 45-68, discloses collecting taxes on transactions, both debit or cash or credit)

and wherein said predetermined percentage comprising one of ,.

(1) a merchant tax rate, (col. 5, lines 40-68, sales tax col. A variety of situations are disclosed including restaurants, grocery stores where varieties of partial or full withholding occur depending on the tax ability of items/services etc.)

Cretzler does not explicitly disclose;

(2) an estimate for generating escrow funds sufficient to pay a predetermined sum from the one or more of the first and second sales amounts over a predetermined number of sales periods;

determining whether a third sales amount exceeds the first escrow amount;

(D) crediting a second escrow account with the first escrow amount when the third sales amount exceeds the first escrow amount: and

(E) crediting a merchant account with an amount equal to the difference between the third

sales amount and the first escrow amount.

Gryglewicz teaches;

The use of escrow accounts to withhold tax amounts, determining a first escrow amount based on the first sales amount (col. 8, lines 45-55)

Crediting an escrow account with the first escrow amount (col. 8, 45-55)

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It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the tax payment system of Cretzler with the escrow teachings of Gryglewicz for the motivation of facilitating the automated payment of taxes to a variety of taxing authorities. (col. 1, lines 55-65)

Cretzler and Gryglewicz do not explicitly disclose;

(2) an estimate for generating escrow funds sufficient to pay a predetermined sum from the one or more of the first and second sales amounts over a predetermined number of sales periods;

determining whether a third sales amount exceeds the first escrow amount;

(D) crediting a second escrow account with the first escrow amount when the third sales amount exceeds the first escrow amount: and

(E) crediting a merchant account with an amount equal to the difference between the third sales amount and the first escrow amount.

Agee teaches

(D) crediting a second escrow account with the first escrow amount when the third sales amount exceeds the first escrow amount: (col. 8, a central finance facility funded via credit card receipts and forwards taxes collected through credit/and or all transactions to taxing authorities) (E) crediting a merchant account with an amount equal to the difference between the third sales amount and the first escrow amount. (col. 8, lines 55-65, unless amount collected is too small which is not claimed though it would come from merchant accounts, 3<sup>rd</sup> amount is essentially taxable and/or non-taxable credit/debit sales))

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Therefore it would have been obvious to one of ordinary skill at the time of the invention to combine the credit and cash tax payment disclosure of Cretzler with the escrow and escrow teachings with the teachings of Agee whereby credit receipts are used to pay taxes due for both credit and non-credit transactions for the motivation of tax collection from merchants using automated systems (col. 2, lines 45-50)

Cretzler Gryglewicz and Agee do not explicitly disclose;

(2) an estimate for generating escrow funds sufficient to pay a predetermined sum from the one or more of the first and second sales amounts over a predetermined number of sales periods;

ie. Crediting an extra amount.

Agee disclose distribution rules, which can be implemented on a merchant computer to collect back taxes owed by the merchant to one or more entities over a period of time. (col. 5, 55-65)

However, Agee does not explicitly teach the calculation of an estimate an estimate for generating escrow funds sufficient to pay a predetermined sum from the one or more of the first and second sales amounts over pre determined number of sales periods; "

Piehl teaches a system wherein (2)

an estimate for generating escrow funds sufficient to pay a predetermined sum from the one or more of the first and second sales amounts over pre determined number of sales periods; " (col. 3, lines 4-65, 4, 5-30, a subcontractor's tax liability is calculated by a 3<sup>rd</sup> party accounting type firm and moneys withheld from

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the subcontractor's accounts paid directly by the contractor to prevent the subcontractor from not paying or setting aside pre-determined tax amounts, the system is set up to work over the number of sales or revenue periods which are planned based on the contractor relationship)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the payment withholding teachings of Cretzler with the contractor revenue withholding of predetermined amounts of Piehl for the motivation of preventing small business entities from not paying taxes in a timely fashion and thereby creating liabilities for the honest payer who thought they were withholding honestly. (col. lines 15-40)

Claim 16 differs from claim 5 in that it uses a plurality of escrow accounts. As such, the combination of Cretzler, Gryglewicz and Agee and Piehl would anticipate claim 16, as, all disclose multiple tax authorities. Gyglewicz teaches one or more escrow accounts, which could be used in a variety of manners to impound taxes for tax authorities

As per claim 6, when the second and third amount are equal, the total credit sales are taxable. The rejection rationale would be the same as, claim 1.

As per claim 7, when the third sales amount is the equal to the sum of the second sales amount and a fourth sales amount associated with one or more non-taxable

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credit/debit card transactions of the merchant associated with the closeout period, the same methodology of claim 5 would be applicable, as anticipated by Cretzler, Gryglewicz and Agee.

As per claim 8, Cretzler does not explicitly disclose the user of a first tax escrow account. Gryglewicz teaches; determining a payable amount to be paid from the first escrow account; and debiting the payable amount from the escrow account. (col. 8, lines 40-60). It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the disclosures of Cretzler and the escrow account teachings of Gryglewicz for the motivation of improved tax collection from merchants using automated systems. (col. 2, lines 45-50)

As per claim 9, Cretzler discloses a variety of taxing authorities in the context of merchandise taxes which could be local, state or federal tax type collections (col. 5, lines 50-60).

As per claims 13, Cretzler and Gryglewicz do not explicitly disclose an increased over the merchant rate to facilitate the payment of back taxes or other debts. Agee teaches predetermined rules which can be altered to collect back taxes to one or more entities or to collect taxes for a variety of entities. (col. 5 lines 50-60)



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It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the tax payment disclosures of Cretzler with the motivation of flexibility in accommodating a variety of taxing authority requirements in a system of tax withholding and payment (col. 3, 1-10) 3

***Response to Arguments***

Applicant filed an amendment on 6/3/09 amending independent claims 1,4,5,8,13,15,16 and canceling claims 10-12,14. As such claims 1-8,13,15-16 pending. After careful consideration of the applicant's amendments and arguments, the Examiner finds them to be moot in view of new grounds of rejection.

In regards to 35 USC 112 2<sup>nd</sup>

Applicant may have introduced a further 112 2nd problem through amendment in that the newly introduced subject matter tends to confuse the intent. For one, there is no outcome for the situation where insufficient charge/debit transactions result in limited withholding which is not sufficient to pay taxes.

Further the examiner finds the wording unclear in that the withholding should be a combination of the tax amounts and the predetermined extra percentage. Thus, the current wording seems to imply either one or the other. In other words, "one of" merchant tax and "an estimate for generating escrow". Is it possible that the applicant meant; for both as, merchant tax will be required no matter what. Clarification would be desired for this feature.

In regards to 35 USC 103 (a)

Applicant has amended the independent claims so as to include subject matter of canceled claims 10,11, 14 and further to distinguish the predetermined extra withholding

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amounts which can be used for garnishment etc. The examiner has provided another reference in response to the amended subject matter to Piehl. Piehl addresses setting aside money to pay additional amounts so as to prevent the money from not being paid to the taxing authority. While Piehl is for a contractor paying revenue to a Subcontractor, the concept is similar in that a predetermined tax percentage might need to be deducted over a number of periods of service.

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to BRUCE I. EBERSMAN whose telephone number is (571)270-3442. The examiner can normally be reached on 630am-5pm, Monday-Thursday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Alexander Kalinowski/  
Supervisory Patent Examiner, Art Unit 3691

Bruce I Ebersman  
Examiner  
Art Unit 3691

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